

Volume No. 1 - Policies & Procedures	TOPIC NO. 50915
Function No. 50000 — Payroll	TOPIC CALENDAR YEAR-END RECONCILAION AND CERTIFICATION
Section No. 50900—Reconciliation	DATE October 2004

Table of Contents

Overview	2
Introduction	2
Penalties	2
Quarterly Reports	2
Calendar Year End Procedures	3
Calendar Year End Reports	3
Reconciling Year End Reports	3
Other Reconciliations	4
W-2s	4
Adjustments	4
Internal Control	4
Records Retention	5
Time Period	5
Contacts	5
DOA Contact	5
Subject Cross References	5
References	5

Volume No. 1 - Policies & Procedures	TOPIC NO.	50915
Function No. 50000 — Payroll	TOPIC	CALENDAR YEAR-END RECONCILAION AND CERTIFICATION
Section No. 50900—Reconciliation	DATE	October 2004

Overview

Introduction

This topic addresses the procedures required to reconcile the year-end quarterly reports and the certification of totals to allow DOA to produce agency W-2s. Throughout the year, reports that are received at the agency should be reviewed as they are received. If the review and reconciliation processes, outlined in CAPP Topic Nos. 50905 and 50910 are kept current, the quarter-end and year-end review and reconciliation process is much easier.

Each year, DOA issues a year-end PAYROLL BULLETIN containing specific instructions for the correction and reporting of employee records/information. Since W-2 reporting requirements may change from year to year, it is vital that the current bulletin is used and understood. The bulletin will list the major events, processing information, and deadlines associated with the year-end process.

Penalties

Each agency in the Commonwealth is considered a separate employer, and the agency has a legal obligation to comply with all regulatory reporting requirements. DOA urges each agency to review all IRS material (especially the Circular E) and other regulatory agency publications regarding compliance issues. Failure to comply with deadlines may result in the late receipt of reports and W-2s. Agencies are liable for any penalties that may be assessed by the regulatory agencies due to failure to comply with deadlines.

Quarterly Reports

After the last payroll is processed for the year, DOA produces a set of Quarter Regulatory Reports (QRR) and Year-End Reports (YER). Reconciling and reporting of Quarterly Information is not waived due to the Year-End and W-2 process. See CAPP Topic No. 50910, *Quarterly Reconciliation and Certification*, for information on reconciling the QRR.

Volume No. 1 - Policies & Procedures	TOPIC NO. 50915
Function No. 50000 — Payroll	TOPIC CALENDAR YEAR-END RECONCILIATION AND CERTIFICATION
Section No. 50900—Reconciliation	DATE October 2004

Calendar Year End Procedures

Calendar Year End Reports

After the last payroll is processed for the year, DOA produces a set of Quarter Regulatory Reports (QRR) and a set of year-end reports. DOA moves the CIPPS fourth quarter and year-to-date records to a separate set of files to allow current payrolls to be processed while W-2s are being produced. The following chart details the reports.

Report Number	Report Name	Description
883	Calendar Year End Employee Detail Audit Listing	Displays the information to be printed on each Employee's W-2, including FIT, SIT, OASDI, and HI taxable amounts and the associated taxes withheld, Imputed Life amounts, etc.
83	Posted Records Audit Totals	Displays company totals of all W-2 field information.

Reconciling Year End Reports

If the fourth quarter Quarterly Reconciliation balances and no adjustments are involved, then the totals used for Year-End processing should agree with the Year-To-Date totals on the QRR. If all totals agree, the agency completes the Quarterly Certification form and the Company Total pages of the Reports 83 and 883, with the Fiscal Officer signature, and sends them to DOA. Once received, DOA will review the reconciliation, and produce the agency's W-2's.

If the totals do not agree, agencies must analyze the differences and determine if adjustments to employee records are required. If the Control Totals have been reconciled to the Report U092 and U093, and the "10 to 33" adjustments have been sent to DOA for processing, only one month of payroll information will have to be reviewed for potential errors.

Adjustments are made on the adjustment forms provided in the Year-End Payroll Bulletin and then submitted to DOA for processing. No further action is required, unless directed by DOA. DOA will then produce W-2s for the employees.

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	50915
Function No. 50000 — Payroll	TOPIC	CALENDAR YEAR-END RECONCILAION AND CERTIFICATION
Section No. 50900—Reconciliation	DATE	October 2004

Calendar Year End Procedures, Continued

Reconciling Year End Reports (continued)

NOTE: Any "10 to 33" adjustments submitted for processing will not be reflected in the agency's Report 33 totals, and therefore will not be reflected in an agency's Control Total Worksheet. The Control Total Worksheet will need to be adjusted for these correcting entries in order to balance.

Other Reconciliations

Employers are required to certify that the amount of wages reported to the Social Security Administration (SSA) equals the accumulated wages from all four IRS Forms 941. DOA electronically sends this information to the proper authority. However, agencies should take the final figures from the Report 83 and compare them to the figures from the year's IRS Form 941s. If a discrepancy is found, contact DOA Payroll Operations immediately.

W-2s

Agencies must adhere to the W-2 distribution requirements and regulations. Every effort will be made by DOA to ensure timely receipt of W-2s to all agencies.

Adjustments

All exceptions, requiring adjustments, will be corrected on the Year-End Reports. The Year-End Bulletin will provide guidelines on the submission of adjustments and the forms used for this process.

Internal Control

Internal Control

It is the responsibility of agency fiscal management to ensure that all quarterly reports and year-end reports have been reviewed and audited and that all appropriate adjustments have been made prior to the certification of final year-to-date totals. In addition, agency fiscal management should ensure that all deadlines are adhered to and that W-2s are issued in compliance with all regulations.

Volume No. 1 - Policies & Procedures	TOPIC NO. 50915
Function No. 50000 — Payroll	TOPIC CALENDAR YEAR-END RECONCILAION AND CERTIFICATION
Section No. 50900—Reconciliation	DATE October 2004

Records Retention

Time Period All reports should be kept for a period of 5 years or until audited, whichever is longer.

Contacts

DOA Contact Manager, State Payroll Operations
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Subject Cross References

References CAPP Topic No. 50905, *Monthly Reconciliations*
CAPP Topic No. 50910, *Quarterly Reconciliation and Certification*
